



THE COMMONWEALTH OF MASSACHUSETTS

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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COMMISSIONER

April 28, 2006

Patricia French
Senior Attorney
NiSource Corporate Services
300 Friberg Parkway
Westborough MA 01581-5039

Re: Bay State Gas Company, 2006 Off-Peak CGAC Filing, D.T.E. 06-GAF-O1

Dear Attorney French:

The Department of Telecommunications and Energy ("Department") hereby gives conditional approval to Bay State Gas Company's ("Bay State" or "Company") Off-Peak Cost of Gas Adjustment Factors ("GAFs") filed on March 15, 2006, of \$1.0619 per therm for low-load customers and \$1.0129 per therm for high-load customers and Local Distribution Adjustment Factors ("LDAF") filed on March 15, 2006, of \$0.0401 per therm for residential customers, \$0.0336 per therm for residential non-heat customers, and \$0.0417 per therm for commercial/industrial customers. The GAFs are to be applied to firm gas sales during the billing period of May 1, 2006, through October 31, 2006. The LDAFs are to be applied to all firm gas sales and transportation sales during the same billing period.

The Company's proposed 2006 LDAFs include a remediation charge of \$0.0037 per therm for all customer classes filed on January 30, 2006. The Department allows the application of the GAFs and LDAFs but may, if future conditions warrant, change the factors or the method of computation. The Department may, as conditions warrant, also require Bay

State to refund to its customers any amounts that are, upon later review of Company filings or of other relevant evidence, found by the Department to be the result of imprudent Company action.

By Order of the Department,

/s/
Judith F. Judson, Chairman

/s/
James Connelly, Commissioner

/s/
W. Robert Keating, Commissioner

/s/
Paul G. Afonso, Commissioner

/s/
Brian Paul Golden, Commissioner

cc: Service List